

Message Text

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ACTION EA-12

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-08
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FM AMEMBASSY KUALA LUMPUR
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INFO AMCONSUL HONG KONG
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AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY BANGKOK
AMEMBASSY JAKARTA
AMEMBASSY MANILA
AMEMBASSY SINGAPORE

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E.O.11652: N/A
TAGS: ASEAN, EINV, MY
SUBJECT: DEPUTY PRIME MINISTER OPENS MEETING ON ASEAN-WEST
ASIAN INVESTMENT COOPERATION

1. SUMMARY: DEPUTY PRIME MINISTER MAHATHIR OPENED A CONFERENCE
ON ASEAN-WEST ASIAN INVESTMENT WITH A SPEECH CALLING FOR
TRIPARTITE COOPERATION THROUGH A COMBINATION OF THE DEVELOPED
NATIONS' TECHNOLOGY AND WEST ASIAN FINANCIAL RESOURCES TO
DEVELOP ASEAN'S NATURAL RESOURCES. THE DPM EMPHASIZED THE
PRAGMATIC APPROACH OF THE ASEAN NATIONS TOWARDS FOREIGN IN-
VESTORS AND THEIR BELIEF IN THE PROFIT MOTIVE. HE ALSO SINGLED
OUT THE GOM'S COMMITMENT TO UTILIZE PRIVATE CAPITAL IN
MALAYSIA'S DEVELOPMENT. WHILE OBVIOUSLY AIMING AT POTENTIAL
INVESTORS FROM WEST ASIA, DR. MAHATHIR CLEARLY HAD OTHER
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TARGETS IN MIND. PRINCIPAL AMONG THESE WERE FOREIGN AND DOMESTIC
INVESTORS IN MALAYSIA WHO HAVE EXPRESSED VARYING DEGREES OF
CONCERN ABOUT THE GOM'S INTENTIONS. END SUMMARY.

2. MALAYSIAN DEPUTY PRIME MINISTER, DR. MAHATHIR BIN MOHAMED,
OPENED A TWO DAY CONFERENCE ON ASEAN-WEST ASIAN INVESTMENT ON
MARCH 9, WITH A SPEECH CALLING FOR A MUTUALLY BENEFICIAL THREE

WAY PARTNERSHIP BETWEEN ASEAN, THE INDUSTRIAL NATIONS AND THE WEST ASIAN (READ OIL-PRODUCING) STATES TO PROMOTE GREATER ECONOMIC GROWTH. THE DPM ADDED THAT WITH ASEAN'S NATURAL RESOURCES AND MANPOWER, THE DEVELOPED NATIONS' TECHNOLOGY AND WEST ASIA'S FINANCIAL RESOURCES, PROFITABLE OPPORTUNITIES COULD BE DEVELOPED NOT ONLY FOR THE COUNTRIES IN THE REGION BUT ALSO FOR ALL THOSE WHO PARTICIPATE IN SUCH PROJECTS. DR. MAHATHIR PREDICTED A "PYRAMID OF GROWTH" IN ASEAN BASED ON THIS TRIPARTITE COOPERATION.

3. DR. MAHATHIR CAME OUT STRONGLY FOR THE PROFIT MOTIVE AS THE DRIVING FORCE BEHIND THIS CONCEPT. HE EMPHASIZED THAT ASEAN DOES NOT "SEE PROFIT AS A DIRTY WORD" AND THAT "WE RECOGNIZE THAT PROFITABILITY IS THE BEST CRITERIA FOR EFFICIENCY AND SUCCESS. WE DO NOT WANT TO PROMOTE INDUSTRIES THAT ARE NOT PROFITABLE. WE DO NOT EXPECT BUSINESSMEN FROM WEST ASIA AND FROM OTHER DEVELOPED COUNTRIES TO COME HERE PURELY FOR CHARITY."

4. THE DPM POINTED OUT THAT EACH OF THE ASEAN STATES HAS ITS OWN RULES ON FOREIGN INVESTMENT AND THAT THESE GUIDELINES ARE LAID DOWN TO ENSURE THAT MUTUAL BENEFIT ENSURES TO ALL PARTIES. HE BASED A FORECAST OF INCREASED INVESTMENT IN THE REGION ON COMPARATIVE ADVANTAGE--THE INCREASINGLY HIGH COSTS OF RAW MATERIALS AND THE RISING TRANSPORTATION COSTS FACED BY COMPANIES IN INDUSTRIALIZED COUNTRIES INCREASINGLY LEAD THEM TO CONSIDER LOCATING CLOSER TO THEIR RAW MATERIAL SOURCES. AN ADDITIONAL FACTOR WHICH FURTHER LIMITED OFFICIAL USE

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ASSISTS ASEAN COUNTRIES IN ATTRACTING INVESTMENT IS THE RELATIVELY ADVANCE NATURE OF THEIR OWN INFRASTRUCTURES. HE STATED THAT "WE IN ASEAN ARE PREPARED TO MANUFACTURE THE PRODUCTS THAT DO NOT MAKE ANY ECONOMIC SENSE FOR CONTINUED MANUFACTURE IN THE DEVELOPED COUNTRIES."

5. TURNING TO THE MALAYSIAN EXPERIENCE, DR. MAHATHIR EMPHASIZED THE IMPORTANT ROLE THE PRIVATE SECTOR HAS PLAYED IN THE COUNTRY'S DEVELOPMENT AND STATED THAT THE GOM FULLY EXPECTS THIS TO CONTINUE. HE REITERATED ONE OF HIS FAVORITE THEMES WHEN HE SAID "THEIR GOVERNMENT IS FULLY APPRECIATIVE OF THE NEED TO MAINTAIN A SOUND AND FAVORABLE INVESTMENT CLIMATE AS AN ESSENTIAL PREREQUISITE TO THE EXISTENCE OF A DYNAMIC ENTREPRENEURSHIP. THE GOVERNMENT WILL ENSURE THAT THE DESIGN AND IMPLEMENTATION OF ITS POLICIES AND PROGRAMS ARE CONDUCIVE TOWARDS THE FULLER UTILIZATION OF THE GREAT POTENTIAL THAT EXISTS IN PRIVATE INITIATIVE AND ENTERPRISE FOR THE SOCIO-ECONOMIC DEVELOPMENT OF THE COUNTRY".

6. COMMENT: DR. MAHATHIR CLEARLY HAD SEVERAL DIFFERENT POINTS IN MIND WHEN HE ADDRESSED THE CONFERENCE. FIRST AND FOREMOST WAS THE EXPRESSION OF GOM INTEREST IN WEST ASIAN ECONOMIC INVOLVEMENT IN THE ASEAN REGION. FOR FINANCIAL AS WELL AS CULTURAL

AND RELIGIOUS REASONS, ANY PROSPECT OF GREATER ARAB INVOLVEMENT
WOULD BE GREATLY WELCOMED BY MALAYSIA. THE IDEA, HOWEVER, OF
COUPLING ARAB MONEY WITH TECHNOLOGY FROM THE DEVELOPED COUNTRIES
IS NEW ALTHOUGH DR. MAHATHIR IS A LEADING PROPONENT OF FOREIGN
INVESTMENT IN MALAYSIA. HIS REFERENCES TO THE NEED FOR INDUSTRIES
TO LOCATE NEARER THEIR SOURCES OF SUPPLY SEEMS TO BE BASED PARTIALLY
ON HOPE AND PARTIALLY ON THE POSSIBILITY THAT REYNOLDS METALS WILL
BUILD AN ALUMINUM SMELTER IN MALAYSIA. FINALLY, DR. MAHATHIR CHOSE
THIS OCCASION TO AGAIN STRESS THE GOM'S COMMITMENT TO A
FAVORABLE ENVIRONMENT FOR PRIVATE INVESTORS. THIS SEEMS TO HAVE
ONLY PARTIALLY BEEN AIMED AT THE CONFERENCE PARTICIPANTS. ITS
MAIN TARGET WAS PROBABLY INVESTORS FROM THE DEVELOPED COUNTRIES
AND MALAYSIA'S CHINESE BUSINESS COMMUNITY, BOTH OF WHOM HAVE
EXPRESSED DOUBTS ABOUT THE GOM'S POLICIES.
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